

DIRECTORATE OF INTELLIGENCE

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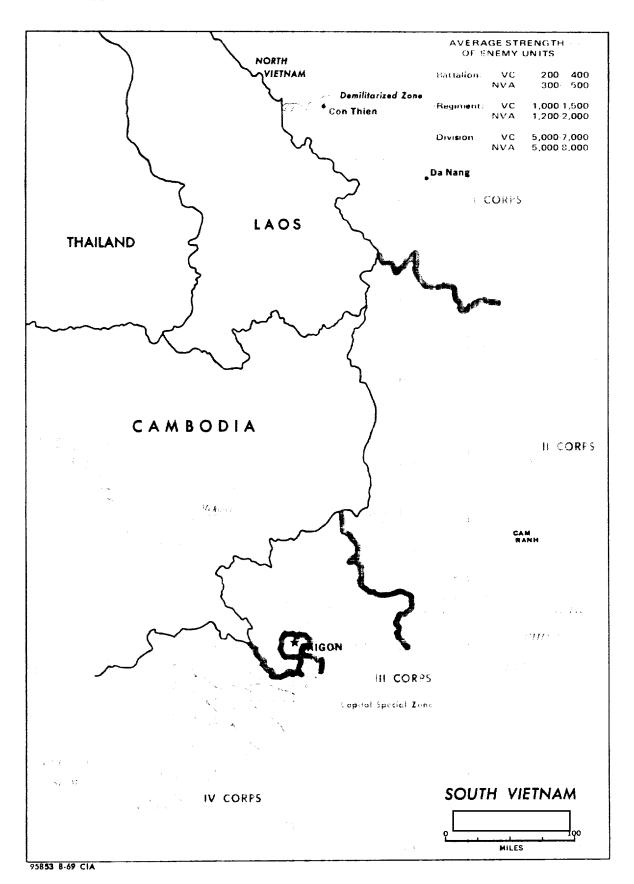
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Vietnam: Sharp fighting continued to erupt in the northern part of South Vietnam yesterday.

South Vietnamese troops with heavy help from US air and artillery strikes killed more than 50 Communists in a battle just south of Con Thien. The enemy forces are believed to be part of the North Vietnamese 27th Regiment. The fight marked the second time in two days that government troops have held their own against enemy regulars in northern I Corps.

Farther south, US Marines suffered 14 wounded while beating back an enemy unit attempting to over-run their position near Da Nang. At least 12 of the attackers were killed during the assault. Elsewhere, a few sharp firefights were reported from provinces south and west of Saigon.

North Vietnam: A commentary in North Vietnam's party newspaper yesterday implies that the Communists have no intention of making any early attempt to break the deadlock at the Paris talks.

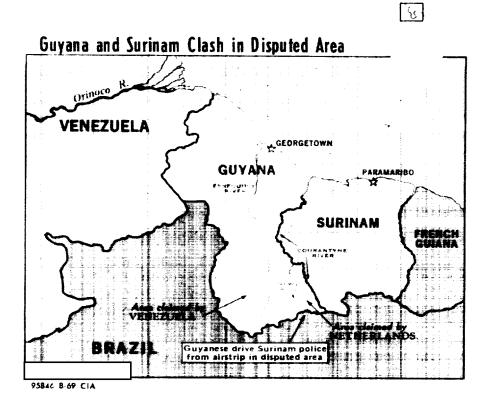
The article again asserts that only the US is responsible for the lack of progress in Paris. It specifically rebuts US statements that the allies have gone as far as they can toward ending the war. The line in this article fits with other evidence that the Communists are sticking to a rigid interpretation of their basic ten-point position. Presumably Hanoi is hoping that the lack of progress in the talks eventually will build up pressure on the US to take further moves toward ending the war.

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Guyana-Surinam: Guyana's Prime Minister Burnham is willing to talk about the boundary dispute with Surinam, but is not prepared to withdraw his troops from the disputed territory.

Burnham claims that domestic pressure to protect Guyana's territorial integrity and sovereignty from Venezuela and Surinam had forced him into the surprise occupation of a Surinam airstrip on 19 August. Guyana now has about 100 to 200 troops in this remote jungle area. No prisoners were taken by the Guyanese and no casualties resulted. Surinam troops put up token resistance before they abandoned the airstrip.

In Surinam, the interim government does not believe it has the authority, because of its essentially
caretaker status, to enter into discussions leading
to agreement on the disputed area. Minister President Arthur May believes that the best he can do is
to attempt to create conditions that would be conducive to opening border talks. In May's view, these
conditions can be established only by the immediate
withdrawal of the Guyanese troops, which the Dutch
Government has requested. Surinam police reinforcements have been dispatched to the border area but are
under orders to commit no aggressive acts.

Guyana's dispute with Surinam has encouraged Venezuelan "hawks" to press their country's claim to the Essequibo region of Guyana. Venezuela has long laid claim to the area and both countries have been engaged in a heated dispute over the region's political and economic future. Foreign Minister Calvani yesterday charged Guyana with "provocations and warlike actions" in boosting its defense forces in the area and warned that Venezuela may abandon its "peaceful attitude."

One of the factors that has curbed Venezuelan aggressiveness in pushing its claims to western Guyana is that country's image as a totally peaceful, beleagured little nation. Guyana's current embroilment with Surinam may create some doubts about its peaceful image.

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India: The election of V. V. Giri as president is Prime Minister Gandhi's clearest victory yet in her effort to gain control of the ruling Congress Party from her opponents in the party hierarchy.

Although the old guard party bosses exerted strong pressure to achieve voting discipline behind the official party candidate, Sanjiva Reddy, there were widespread defections. From fragmentary, preliminary reports, this appears to have been especially so among Congress members of Parliament. They were probably influenced more than the state assembly members by Mrs. Gandhi's strong leadership in recent weeks, notably in instituting bank nationalization and dismissing Morarji Desai as finance minister. Giri received support from the Communists and from other leftist and regional parties, but these votes appear to have been only about half his total.

Although tension in the party was high on the eve of the vote count, Mrs. Gandhi and her antagonists may try to avoid another test of strength in the immediate future. Party bosses would be hard put to mount an effort before the end of the current session of Parliament on 30 August. Moreover, they will probably be deterred by the expectation that Giri will work closely with the Prime Minister on any decision to form a new government or to call new elections.

Mrs. Gandhi is expected to chip away further at the control the bosses still hold on the party organization. An early target may be party president Nijalingappa, who played the leading role in the attempt to elect Reddy.

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<u>USSR-UN:</u> The Soviets have offered concessions in the drafting of the UN "peacekeeping" study, but major areas of disagreement remain.

Moscow has insisted that the Security Council has exclusive responsibility in peacekeeping matters, with the Secretary General's management role subordinate to the Security Council in every respect. Concessions the Soviets offered this week would slightly increase the role of the Secretary General. In return, the Soviets ask that the US accept language that would in effect also directly involve a subordinate body of the Security Council—the Military Staff Committee or a special ad hoc group—in observer missions. The Secretary General's office opposes this scheme, fearing that it is intended to hamstring observer operations.

A "political balance" in the composition of UN peacekeeping forces is another Soviet objective. Until this week, Moscow had maintained that the Security Council must appoint both the chief of an observer group and his subordinates. It now accepts the US proposal that the chief may appoint his subordinates, with the condition that the Security Council designate the chief. Candidates for that position could thus still be blocked by Council members for political reasons.

Financing of peacekeeping missions remains a contentious issue. Present arrangements are ad hoc and voluntary, and the Soviets have yet to contribute to any major peacekeeping operations. Moscow's latest proposal would also leave the responsibility for determining the method of financing with the Security Council.

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USSR: Moscow continues to shun Western proposals for fixed monetary contributions to the less developed countries.

Soviet Minister of Foreign Trade Patolichev last July rejected proposals that the USSR join Western countries in providing one percent of its national annual income to the developing countries during the United Nations' "Development Decade II." The UN program is designed to improve living standards in the less developed countries during the 1970s. Patolichev stated that the "imperialists" bear full responsibility for the plight of these countries.

In a subsequent interview on Soviet foreign trade policy published by <u>Izvestiya</u> on 7 August, Patolichev dropped all reference to income sharing with the less developed countries. By so doing he probably wanted to avoid criticism from the less developed states which have been pushing for the plan.

Such a position is consistent with the Soviet
shift over the past few years toward greater emphasis
on trade rather than aid relations with the less
developed countries. The Soviets now fall far short
of the one percent goal of the UN program.

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NOTES

USSR-NPT: Moscow took a step toward ratification of the nonproliferation treaty yesterday when the foreign affairs commissions of the Supreme Soviet recommended that the Presidium take favorable The commissions noted that Soviet ratificaaction. tion would "influence" other states to join the treaty. In the absence of any indication of timing, it is unclear whether Moscow will ratify before Bonn acts.

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Guatemala: Communist Party activists last week kidnaped a wealthy industrialist in the capital and are holding him for ransom. There has been little party-inspired terrorism in recent months, but

rorist actions are possible.

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